

CHAPTER NO. 358

SENATE BILL NO. 38

By Crutchfield, Atchley, Fowler

Substituted for: House Bill No. 662

By Vincent, Lynn, Black, Montgomery

AN ACT to amend Tennessee Code Annotated, relative to taxation of vending machines.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 5, is amended by adding the following new, appropriately designated section:

67-4-506. (a) (1) Each person operating any vending machine for the benefit of a charitable non-profit organization, by which merchandise of the market value of the coin deposited not exceeding twenty-five (25) cents is sold or delivered to customers, shall have the privilege and option of registration with the Department of Revenue, reporting gross receipts vended through such machines, and paying tax thereon, in lieu of sales tax, at the rate of one and one-half percent (1.5%) of the gross receipts from the machines (except that the percentage shall be two and one-half percent (2.5%) of the gross receipts of all tobacco items from the machines) in the same manner, with the same privileges and exemptions, and under the same regulation and administration as the tax codified in Section 67-4-402.

(2) For purposes of this section, "vending machine" means any machine built such that only a fixed, predetermined price can be paid for the item dispensed by such machine, the machine cannot return or make change, and the machine cannot be adjusted, mechanically, electronically or otherwise, to change the price charged for the item.

(3) Gross receipts taxed under this section shall be exempt from the sales and use tax levied by Chapter 6 of this title.

(b) To comply with the above option, the name and address of the owner, and, if different from the owner, the name and address of the charitable non-profit organization must appear upon each vending machine, and each vending machine must have a permanent registration on forms provided by the department, at a cost for which the department may charge one dollar (\$1.00) each, plus a fee of two dollars (\$2.00) for each individual company so permanently registering.

(c) Any person, firm or corporation engaged in this business shall immediately notify the department of its options to pay under this chapter, and, failing to notify the department, shall pay sales tax as provided by law.

SECTION 2. This act shall take effect July 1, 2003, the public welfare requiring it.

PASSED: May 29, 2003



JOHN S. WILDER
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 17th day of June 2003



PHIL BREDEBEN, GOVERNOR